

The Development Strategy of Micro Small Medium Enterprises in Sungai Buluh Village, Singkep Barat District, Kepulauan Riau Province

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Abstract. To stimulate regional economic growth, every region should fully explore the potential for local resource-based economic development. According to data from the Department of Manpower, Cooperatives, Micro Small Medium Enterprises Industry of Lingga Regency, the number of micro-small medium-sized processing industries in Singkep Barat District significantly increased from 22 units in 2014 to 53 units in 2019. The objective of this study is to formulate a development strategy for micro-small-medium enterprises. The resulting development strategy will be devised using the IFAS EFAS analysis method. The primary data was gathered through observations, interviews, questionnaires, and a review of relevant secondary documents. The findings revealed that all cracker producers source raw materials locally, with 58% of the raw materials derived from fish, shrimp, and squid, and high satisfaction with their quality. Despite the utilisation of traditional equipment such as bamboo and zinc, our study found that 51% of employers rely on local workers like family members and neighbours. Additionally, 77% of entrepreneurs fund their ventures using their own capital, with others resorting to bank loans or cooperatives. Notably, 89% of entrepreneurs market their products to shops and kiosks. The micro-small medium business industry boasts a high potential, with an average score of 88.6 (strongly agree), while the average score indicating issues in the industry's development stands at 74.525. Based on the results of the IFAS EFAS analysis, there are four priority-based strategies, including augmenting product marketing, expanding promotional efforts, increasing public awareness to safeguard sea and existing resources, and suggest providing a drying place to address industry needs.

1. Introduction

The small industry sector is characterised by an uncertain growth pattern and limited development. It is easier for rural communities with subsistence in the economic field to enter this sector. Therefore, it's important not to abandon small industries, as they can serve as the backbone of structural change, especially for the rural economy, provided they receive the right support and intervention [1]. The existence of the small industry sector in residential areas can drive the local economy. According to Law No. 3 of 2014, article 3, one of the objectives of industrial development is to increase the prosperity and welfare of the people fairly and evenly by utilising living resources [2].

Economic development involves effective management of available resources by local governments and communities, and the formation of partnerships between local governments and the private sector to create jobs and promote economic activities in the region. The growth

of economic development is a key indicator of success, as it is related to real income and per capita income, while also considering population growth and fundamental changes in the economic structure that impact the community [3]. The significance of small and medium enterprises (SMEs) in the traditional economy is substantial, evident through their contributions to employment, income equality, rural economic development, and their role as drivers of increased manufacturing or non-oil and gas exports. There are several important reasons for the development of small and medium enterprises [4].

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting the stability of the financial system and economy in the Riau Islands due to their high economic resilience. Out of 56 million business actors in the small and medium categories, 98.7% are MSMEs. The Riau Islands Province is currently focused on the growth and development of MSMEs [5]. The presence of MSMEs significantly contributes to regional income and serves as a focal point for the local economy, leading to increased job opportunities, income, and new business prospects. In 2019, the processing industry sector contributed 30,796,870 million rupiah to the Gross Regional Domestic Product (GRDP) of Lingga Regency, aiding in reducing poverty levels.

Based on data from the Central Statistics Agency of Lingga Regency in 2018, the largest small industry in Lingga Regency is the food industry, specifically in the field of crackers, chips, peyek, and similar products, with a total of 288 business units [6]. According to data from the Manpower, Cooperatives, Small and Medium Enterprises, and Industry Service of Lingga Regency, the number of small and medium processing industries in West Singkep District has increased from 2014 to 2019. In 2014, there were 22 units, in 2015 there were 27 units, in 2016 there were 39 units, in 2017 there were 43 units, in 2018 there were 47 units, and in 2019 it increased to 53 units. The percentage increase in the number of small and medium cracker industries from 2014-2019 is as follows: 2014-2015 18.52%, 2015-2016: 30.77%, 2016-2017: 9.30%, 2017-2018: 10.64%, and 2018-2019: 11.32%.

The processing industry sector in Lingga Regency is experiencing growth, particularly for small industries that produce various processed products. The lack of adequate market organizations to support the marketing of fresh sea fish often leads to an accumulation, resulting in a decline in fish quality. The abundance of raw materials available is the main factor driving the people of Sungai Buluh Village to become entrepreneurs in producing crackers, making them a potential force in the development of the processing industry. It is hoped that the establishment of the small and medium-sized fisheries processing industry in Sungai Buluh Village will have a positive impact on the lives of the local community. Businesses classified as small and medium-sized enterprises have been operated for a long time by the people of Sungai Buluh Village. Almost all members of the community run these businesses, in addition to the advantage of the community's human resources, who have, on average, mastered traditional cracker processing techniques.

In the development of the small and medium business industry, several problems have been encountered. These include limited access to capital, basic and limited fishery product processing activities, simplistic management techniques, insufficient supporting facilities and infrastructure for the fishery industry, limited local product marketing, and the impact of the fishery processing industry on the local community. The marketing flow of the small cracker industry in Sungai Buluh Village involves direct marketing from producers to consumers, marketing through shops, and marketing through distributors (agents). One of the hindrances to the development of these products is the lack of promotion by the government and cracker entrepreneurs to markets outside Lingga Regency [6].

The underperformance of small and medium industries in the cracker industrial area has prompted this research. The focus of this study is to explore the development strategy for small and medium industries in Singkep Barat District, Lingga Regency. The aim is to improve industry productivity, boost the local economy, create more job opportunities, and promote sustainable development in Lingga Regency. Singkep Barat District, located in Lingga Regency,

encompasses several villages, including Sungai Buluh Village, which has the potential for developing small and medium enterprises (SMEs) in the fisheries processing industry. The industry in Sungai Buluh Village specialises in processing marine products, including crackers. The presence of medium-sized industries can also significantly contribute to regional income, making it a key driver of the local economy.

The small and medium business industry has faced various challenges in its development, including limited access to capital, insufficient promotion, simple and restricted fishery product processing activities, basic management techniques, inadequate supporting facilities and infrastructure for the fishery industry, limited local marketing of products, and the impact of the fishery processing industry on the local community. From this description, the following problems and potentials can be identified:

1. Limited capital makes it difficult for people to start and sustain businesses.
2. Limited technology, facilities, infrastructure, and marketing pose obstacles to business operations.
3. The industry offers employment opportunities, potential for increased income, and new business prospects.

2. Research Methods

MSMEs, or Micro, Small, and Medium Enterprises, are business activities that can create job opportunities and contribute to increasing community income, even during times of crisis. MSMEs are recognized for their ability to drive economic growth. The government is committed to promoting the growth of micro, small, and medium enterprises in order to create more job opportunities. According to Law No. 20/2008 concerning MSMEs, empowerment is defined as a collaborative effort between the government, local authorities, the business sector, and the community to create a conducive environment and foster business development for MSMEs, enabling them to become robust and independent enterprises [7]. As per the Lingga Regency Spatial Plan for 2011-2031, the spatial planning policy and strategy for the small and medium business industry aim to allocate space for the development of small and medium businesses, cooperatives, and community involvement in the marine tourism sector in Lingga Regency.

The Lingga Regency is one of the regencies in the Riau Islands Province. According to the Law of the Republic of Indonesia Number 31 of 2003, the total area of land and sea is 211,772 km², with 604 large and small islands, approximately 571 of which are uninhabited. However, based on existing data, the actual area of Lingga Regency is 45,667.55 km², comprising 2,235.47 km² of land (4.91%) and 43,432.08 km² of sea (95.09%)[8].

The aim of this study is to create a strategy for the development of small and medium-sized businesses in Sungai Buluh Village, Singkep Barat District, Lingga Regency. Sungai Buluh Village is located in Singkep Barat District, covering an area of 22.18 km² with a population of 1,757 people. The village is divided into 3 hamlets, 5 RW, and 17 RT. The research was carried out in Sungai Buluh Village, Singkep Barat District, Lingga Regency, Riau Islands Province, focusing on the cracker small and medium-sized business industry, which has the potential for development. The study was conducted from February 2021 to April 30, 2021, and involved the following:

- a. Identification of the characteristics of the small and medium-sized business industry in Sungai Buluh Village, using qualitative descriptive methods and primary and secondary data from interviews, as well as information from the Singkep Barat District Sub-district Office, the Manpower, Cooperatives, Small and Medium Enterprises, and Industry Service of Lingga Regency.
- b. Assessment of the potential and problems in developing the small and medium-sized business industry in Sungai Buluh Village, using quantitative descriptive analysis with the Likert scale method based on survey results from a questionnaire.
- c. Formulation of a development strategy for small and medium-sized business industries in Sungai Buluh Village, using the SWOT method and IFAS-EFAS Analysis.

The process of weighting is used to determine the most influential factors in the SME industry. According to Kinnear and Taylor (1991), it is important to establish the level of importance before conducting the weighting process in order to make the assessment more subjective [11]. The level of importance is determined by comparing each internal and external factor. Each variable's level of importance is rated on a scale of 1-4 as follows:

- a) 1 if the horizontal factor indicator is less important than the vertical factor indicator;
- b) 2 if the horizontal factor indicator is equally important as the vertical factor indicator;
- c) 3 if the horizontal factor indicator is more important than the vertical factor indicator;
- d) 4 if the horizontal factor indicator is significantly more important than the vertical factor indicator.

Once the weighting process is completed, the next step is to determine the ranking of each factor measured using a rating value on a scale of 1-4. Each rating signifies a different level of influence. Professional judgment is used to determine the ranking, with the scale ranging from 4 (very strong) to 1 (weak). The following provisions are used for the ranking value based on the magnitude of the influence of strategic factors on their condition [12] :

- Very strong: 4
- Strong: 3
- Average: 2
- Weak: 1

The rating for the strength and opportunity variables is as follows:

- a. Very Small Positive Influence: 1
- b. Small Positive Influence: 2
- c. Large Positive Influence: 3
- d. Very Large Positive Influence: 4

The rating for the weakness and threat variables is as follows:

- a. Very Large Negative Influence: 1
- b. Large Negative Influence: 2
- c. Small Negative Influence: 3
- d. Very Small Negative Influence: 4

First, create the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) Tables following these steps [12] :

- a. Enter the strengths and weaknesses factors in the first column of the IFAS Table and the opportunities and threats factors in the first column of the EFAS Table. Arrange the factors in the order of strengths, weaknesses, opportunities, and threats.
- b. Assign a weight to each strategic factor in the second column, using a scale from 1.0 (very important) to 0.0 (not important). The total weight for all factors should not exceed 1.00. These weights are based on the influence of the strategic position.
- c. Rate each factor in the third column using a scale from 4 (very strong) to 1 (weak), based on the influence of the factor on the tourism area's condition.
- d. Multiply the weights in column 2 by the ratings in column 3 to calculate the weighted factors in column 4. The result is a weighting score for each factor, ranging from 4.0 (prominent) to 1.0 (weak).
- e. Sum the weighting scores in column 4 to obtain the total weighting score.

The next step involves compiling alternative strategies and determining their priority. This compilation is done by considering both internal and external factors. The combinations are as follows:

- a. Strengths and Opportunities (SO): Utilize strengths to take advantage of opportunities.

- b. Strengths and Threats (ST): Use strengths to address threats.
- c. Weaknesses and Opportunities (WO): Capitalize on opportunities while minimizing weaknesses.
- d. Weaknesses and Threats (WT): Focus on defensive strategies to minimize weaknesses and avoid threats.

The priority of alternative strategies is determined by adding up scores from the constituent factors. The strategy with the highest total score is assigned the highest priority.

4. Results and Discussion

3.1 Characteristics of Small and Medium Enterprises Industry in Sungai Buluh Village

One of the potential fish processing areas in Singkep Barat District is Sungai Buluh Village. Sungai Buluh Village serves as a center for processing fish and has abundant catches of fresh fish with high economic value. These catches are exported by fisheries companies located in Sungai Buluh Village. For raw materials, one fisherman in a month can get 1-2 quintals according to the wind season. If the wind is from the north, fishermen do not go to sea due to high waves. Processed fish products in Sungai Buluh Village include fish crackers, cuttlefish crackers, and shrimp crackers. The number of Small and Medium Cracker Industries in Sungai Buluh Village, Singkep Barat District, is 53 units.

Shrimp crackers are produced in Sungai Buluh Village, with a monthly output ranging from 9,313 kg to 10,226 kg. The production process is influenced by the weather; during hot weather, production can occur daily, while rainy weather may temporarily halt production. The businesses involved in processing the crackers have been operating for an average of over 5 years, with some being passed down through generations and running for up to 10 years. The price of a 500g pack of crackers ranges from Rp. 25,000 to Rp. 28,000, with variations between producers, end consumers, and fish processors due to transportation costs calculated by collectors and retailers.

In the study of the development strategy of small and medium enterprises in Sungai Buluh Village, Singkep Barat District, the following conclusions can be drawn from several aspects:

1. Entrepreneurs in the area source raw materials such as fish, shrimp, and squid locally, with 100% of them using these materials to produce crackers.
2. The production process still relies on traditional methods, and bamboo and zinc are used as drying materials for the crackers.
3. Around 51% of entrepreneurs utilize local labor, including family members and neighbors, while some also hire labor from outside Singkep Barat District.
4. When it comes to business capital, 77% of entrepreneurs use their own funds to establish cracker processing businesses. However, some entrepreneurs also rely on loans from banks or cooperatives.
5. The majority of entrepreneurs (89%) sell their merchandise in shops or kiosks, although some also market their products in the local market.

3.2 Potential for Development of Small and Medium Enterprises in Sungai Buluh Village

1. Social Aspect

From the calculation carried out using the Likert scale, it is known that the existence of small and medium business industries can change people's livelihoods at a figure that is classified as very agree, namely 85.7%. From the results of the assessment, people who used to work as laborers changed their professions as fishery product processing entrepreneurs, and there are also people who work as cake sellers who have moved to become fishery product processing entrepreneurs, this is because the income as a cracker entrepreneur is greater than as a cake seller, therefore many people in Sungai Buluh Village also make this industrial business as a side job to get additional income. From the calculation value using the Likert scale, the existence of small and medium business industries can provide job opportunities

for people at a figure that is classified as high, very agree, namely 86.4%. which means that the existence of small and medium business industries has a positive influence on the people in Sungai Buluh Village.

2. Economic Aspect

The analysis using the Likert scale shows that raw materials in Sungai Buluh Village are easy to obtain, with a relatively high score of 88.3%, and the raw material prices are affordable, scoring 89.1%. This is very supportive of the development of small and medium business industries. The assessment also indicates that there are wider business opportunities for marketing and distribution, with a strong agreement at 91.0%. Additionally, the MSME industry opens up opportunities for the community, such as marketing cracker products, with a strong agreement at 87.2%. These results suggest that the small and medium business industry can provide opportunities for the surrounding community to open businesses and market processed products from both individual and group businesses.

After analyzing the potential of the small and medium business industry in Sungai Buluh Village, the following findings were made:

1. The presence of the SME industry reduces the community's unemployment rate and provides job opportunities, with an 85.7% agreement rate (strongly agree).
2. The abundance of raw materials and affordable prices are the main factors driving the development of the cracker industry, with an 89.1% agreement rate (strongly agree).
3. The marketing and distribution scope has the potential to expand, and the SME industry creates business opportunities for the community, such as marketing cracker products, with a 91.0% agreement rate (strongly agree).

3.3 Problems in the Development of Small and Medium Enterprises in Sungai Buluh Village

The results of the analysis assessment using a Likert scale show that 92.5% of respondents strongly agree that Small and Medium Enterprises face problems with capital, particularly the lack of government assistance. Additionally, 76.2% of respondents agree that there is difficulty in finding business capital loans. Moreover, 62.3% of respondents agree that the promotion efforts have not been effective, and 66.8% agree that not utilizing internet media for promotions is a drawback. Furthermore, 77.7% of respondents agree that there is a problem with the traditional methods used in processing crackers, and 62.6% agree that there is a lack of production tools and machines for processing crackers.

The results of the analysis of the problems of the small and medium business industry in Sungai Buluh Village showed that:

1. Lack of capital assistance from the government scored 92.5% (strongly agree) and difficulty in finding business capital loans with an index of 76.2% (agree).
2. promotions have not been running well, and have not used internet media in conducting promotions with an index of 66.8% (agree)
3. still using traditional methods in processing crackers and production tools and machines are not yet available in processing crackers with an index of 62.6 (agree)

3.4 Problems in the Development of Small and Medium Enterprises in Sungai Buluh Village

Stakeholders in developing this small and medium business industry include (1) Head of Micro, Small and Medium Business Development, as the Government's role (2) Head of Sungai Buluh Village as the Government's role, (3) Head of the Village-Owned Enterprise (BUMDES) of Sungai Buluh Village as the government's role and (4) Head of the Joint Business Group (KUBe) as the Community's role.

Based on the interview results According to the Head of Micro, Small and Medium Enterprises Development Section regarding the development of the Small and Medium Enterprises Industry, the development of the Small and Medium Enterprises Industry in Sungai Buluh Village is quite good. Currently, business actors are making improvements in various aspects. The role of the Manpower, Cooperatives, Small and Medium Enterprises and Industry Service is as the organizer of the implementation of all businesses, providing guidance and

counseling and distribution of financing and savings and loans as well as supervision of control funds. There are two programs that will be developed to assist in the capital of business actors, namely the People's Business Credit (KUR) where this KUR is assistance from the central government, so that the local government only provides information to business actors, KUR itself is only available in two banks, namely BRI with a maximum loan of 25,000,000.00 and Bank Riau Kepri with a maximum loan of 500,000,000.00. In addition, there is also a program that will be carried out, namely special training for making food made from seafood, but due to the presence of Covid-19, the available budget was cut so that it was postponed for next year. But the Department of Manpower, Cooperatives, Small and Medium Enterprises and Industry will also hold socialization related to product marketing. The Department of Manpower, Cooperatives, Small and Medium Enterprises and Industry has also collaborated with the Health Department for the management of the Household Industry Food (PIRT) permit.

Based on the interview with the Head of Sungai Buluh Village regarding the development of the Small and Medium Enterprise (SME) Industry, the progress in this sector is promising. The residents of Sungai Buluh Village have the ability to design their own product packaging. Moreover, they have successfully marketed their products beyond Lingga Regency, receiving a significant number of orders, which they aim to increase further. The village government plays a crucial role in supporting this development by facilitating communication with related agencies. For product promotion, they participate in provincial and national exhibitions by setting up stands featuring local products, including Sungai Buluh crackers. To encourage local entrepreneurs, the government is working to inspire them to take bold steps rather than acting hesitantly. Additionally, they have established SME associations and groups to serve as a platform for sharing experiences, addressing challenges, and collaborating to improve access to capital. However, the COVID-19 pandemic has posed significant challenges for business operators, impacting their marketing efforts outside Lingga Regency due to disruptions in shipping. In response, the government has advised entrepreneurs to reduce production levels to prevent excess inventory.

The interview with the Head of the Joint Business Group (KUBe) highlighted the positive development of small and medium enterprises (SMEs) in Sungai Buluh Village. Many business owners have secured orders to ship products outside of Lingga Regency, including locations such as Batam, Tanjung Pinang, and Tanjung Balai Karimun. KUBe plays an important role in promoting local crackers and actively participates in seminars and meetings focused on SME development organized by the government. While there has been some cooperation from the government, it has primarily consisted of providing information about SME development rather than implementing further collaborative efforts. Currently, the Joint Business Group (KUBe) lacks specific programs or policies. However, there is hope that SMEs will continue to advance and receive support from various stakeholders, as this would greatly benefit Lingga Regency.

3.5 Small and Medium Enterprise Industry Development Strategy in Sungai Buluh Village

A. Internal Factors Analysis Strategic (IFAS)

1. Strengths / Strengths (S)

Strength is a competitive advantage and competence that exists from within the development of small and medium business industries. The following is a list of strengths in the development of small and medium business industries in Sungai Buluh Village, Singkep Barat District.

- a) Abundant and quality raw materials (S1)
- b) Adequate cracker processing location (S2)
- c) Good workforce skills (S3)
- d) Already has a halal label and BPPOM (S4)
- e) The price of cracker products is affordable for all levels of society (S5)

2. Weakness / Weakness (W)

Weakness is an obstacle that limits the development of strategies contained in the development of small and medium business industries in Sungai Buluh Village, Singkep

Barat District. The weaknesses analyzed are factors contained in the development of small and medium business industries. The following is a list of weaknesses in the development of small and medium business industries in Sungai Buluh Village, Singkep Barat District.

- a) The production process is still simple (W1)
- b) The packaging of crackers is not yet attractive (W2)
- c) Limited capital owned by small and medium business actors (W3)
- d) The condition of the drying place is not suitable (W4)
- e) Irregular processing production (W5)

B. Internal Factors Analysis Strategic (IFAS)

1. Opportunity (O)

Opportunity is a favorable condition or opportunity that can limit obstacles that occur in the future. The following is a list of opportunities in the development of small and medium-sized business industries in Sungai Buluh Village, Singkep Barat District.

- a) Minimarkets accommodate local products (O1)
- b) Cracker entrepreneurs are able to operate/use online media to promote their products (O2)
- c) Improving people's standard of living (O3)
- d) The role and support of the government (O4)
- e) High demand that opens up wide market opportunities (O5)

2. Threats (T)

A threat is a condition that can hinder or be an obstacle from the outside in achieving the goals of developing small and medium-sized business industries. This threat can disrupt the development of small and medium-sized business industries in Singkep Barat District. The following is a list of threats in the development of small and medium-sized business industries in Singkep Barat District.

- a) The number of competitors of cracker entrepreneurs outside Sungai Buluh Village selling the same product (T1)
- b) Natural conditions affect the cracker drying process (T2)
- c) There are no government regulations regarding the small and medium business industry (T3)
- d) Excessive exploitation levels result in reduced raw materials (T4)

3.6 Determination of Internal External Factor Weights

The importance level of various internal and external factors is determined through comparative analysis. In this study, the assessment of importance and weighting is based on professional judgement. The professionals involved in this study include: (1) the Head of Micro, Small, and Medium Enterprise Development representing the government, (2) the Head of the Village-Owned Enterprise (BUMDES) of Sungai Buluh Village, also representing the government, and (3) the Head of the Joint Business Group (KUBe) representing the community.

Table 1. Combined Level of Importance of Internal Factors of Small and Medium Enterprises Industry in Sungai Buluh Village Based on Professional Judgement 1, 2, and 3.

No	S1	S2	S3	S4	S5	W1	W2	W3	W4	W5	Total (x _i)
S1		2	2	2	2	2	2	3	3	3	21
S2	2		2	3	2	2	3	2	3	3	22

S3	2	2		2	2	2	3	2	3	3	21
S4	2	1	2		2	2	2	2	2	1	16
S5	2	2	2	2		2	1	2	2	2	17
W1	2	2	2	2	2		3	2	2	2	19
W2	2	1	1	2	3	1		3	3	3	19
W3	1	2	2	2	2	2	1		2	1	15
W4	1	1	1	2	2	2	1	2		3	15
W5	1	1	1	3	2	2	1	3	1		15
											180

* Result of Analysis (2021)

Table 2. Combined Level of Importance of External Factors of Small and Medium Enterprises Industry in Sungai Buluh Village Based on Professional Judgement 1, 2, and 3.

No	O1	O2	O3	O4	O5	T1	T2	T3	T4	Total (x _i)
O1		2	2	2	3	2	3	2	3	19
O2	2		2	3	3	2	3	2	3	20
O3	2	2		2	3	1	2	3	2	17
O4	2	1	2		2	1	1	2	2	13
O5	1	1	1	2		2	1	3	2	13
T1	2	2	3	3	2		3	2	2	19
T2	1	1	2	3	3	1		2	2	15
T3	2	2	1	2	1	2	2		2	14
T4	1	1	2	2	2	2	2	2		14
										144

* Result of Analysis (2021)

After determining the level of importance, weighting is carried out.

Table 3. Internal Factor Weight of Small and Medium Enterprise Industry in Sungai Buluh Village

No	S1	S2	S3	S4	S5	W1	W2	W3	W4	W5	Total (x _i)	Weight (α _i)
S1		2	2	2	2	2	2	3	3	3	21	0,12
S2	2		2	3	2	2	3	2	3	3	22	0,12

S3	2	2	2	2	2	2	3	2	3	3	21	0,12
S4	2	1	2	2	2	2	2	2	2	1	16	0,09
S5	2	2	2	2	2	2	1	2	2	2	17	0,09
W1	2	2	2	2	2	2	3	2	2	2	19	0,11
W2	2	1	1	2	3	1	3	3	3	3	19	0,11
W3	1	2	2	2	2	2	1	2	2	1	15	0,08
W4	1	1	1	2	2	2	1	2	3	3	15	0,08
W5	1	1	1	3	2	2	1	3	1	3	15	0,08
											180	1,00

* Result of Analysis (2021)

The determination of the rating of each factor is measured using a rating value on a scale of 1-4. Each factor has a different meaning for each rating. In this study, the determination of the rating was carried out by professional judgment.

Table 4. Combined Rating of Internal and External Factors of Industry Small and Medium Enterprises in Sungai Buluh Village Based on Professional Judgement 1, 2, and 3

No	Internal Strategic Factors	Rating	Code
Strenght (S)			
1	Abundant and quality raw materials	4	S1
2	The location for processing crackers is adequate	3	S2
3	Good workforce capabilities	4	S3
4	Already has a halal and BPOM label	4	S4
5	The price of cracker products is affordable for all levels of society masyarakat	3	S5
Weakness (W)			
1	The production process is still simple	2	W1
2	The packaging of crackers is not attractive yet	2	W2
3	Limited capital owned by small and medium business actors	2	W3
4	The condition of the drying place is not suitable	2	W4
5	Irregular processing production	2	W5
No			
External Strategic Factors			
Opportunity (O)			
1	Minimarkets accommodate local products	3	O1
2	Cracker entrepreneurs are able to operate/use online media to promote their products	4	O2
3	Improving people's standard of living	3	O3
4	The role and support of the government	4	O4
5	High demand that opens up wide market opportunities	3	O5
Threat (T)			
1	There are many competitors of cracker entrepreneurs outside Sungai Buluh Village who sell the same product.	2	T1
2	Natural conditions affect the cracker drying process	2	T2
3	There are no government regulations regarding the small and medium business industry	2	T3
4	exploitation levels result in reduced raw materials	2	T4

* Result of Analysis (2021)

Based on the combined calculation of the ratings of each professional judgment, the rounded results were obtained (Table 4). The next stage is the creation of a matrix of internal and external factors for the development of the Small and Medium Enterprise Industry in Sungai Buluh Village.

Table 5. Internal Factors Analysis (IFA) Matrix

No	Internal Strategic Factors	Weight	Rating	Score	Code
Strenght (S)					
1	Abundant and quality raw materials	0,12	4	0,48	S1
2	The location for processing crackers is adequate	0,12	3	0,36	S2
3	Good workforce capabilities	0,12	4	0,48	S3
4	Already has a halal and BPOM label	0,09	4	0,36	S4
5	The price of cracker products is affordable for all levels of society masyarakat	0,09	3	0,27	S5
Weakness (W)					
1	The production process is still simple	0,11	2	0,22	W1
2	The packaging of crackers is not attractive yet	0,11	2	0,22	W2
3	Limited capital owned by small and medium business actors	0,08	2	0,16	W3
4	The condition of the drying place is not suitable	0,08	2	0,16	W4
5	Irregular processing production	0,08	2	0,16	W5
Total		1,00		2,87	

* Result of Analysis (2021)

Table 5. External Factors Analysis (EFA) Matrix

No	External Strategic Factors	Weight	Rating	Score	Code
Opportunity (O)					
1	Minimarkets accommodate local products	0,13	3	0,39	O1
2	Cracker entrepreneurs are able to operate/use online media to promote their products	0,14	3	0,42	O2
3	Improving people's standard of living	0,12	2	0,24	O3
4	The role and support of the government	0,09	4	0,36	O4
5	High demand that opens up wide market opportunities	0,09	3	0,27	O5
Threats (T)					
1	There are many competitors of cracker entrepreneurs outside Sungai Buluh Village who sell the same product.	0,13	2	0,26	T1
2	Natural conditions affect the cracker drying process	0,1	2	0,2	T2
3	There are no government regulations regarding the small and medium business industry	0,1	2	0,2	T3
4	exploitation levels result in reduced raw materials	0,1	2	0,2	T4
Total		1,00		2,54	

* Result of Analysis (2021)

Based on table 4 and table 5 the total score of the Internal Factor Analysis (IFA) matrix for the development of the Small and Medium Enterprise (SME) industry in Sungai Buluh Village is 2.87, while the total score for the External Factor Analysis (EFA) matrix is 2.54. The next step is to determine strategic actions as outlined by Allen in Pebriyanti (2012) using the Internal-External (IE) matrix as follows :

Total Score IFA

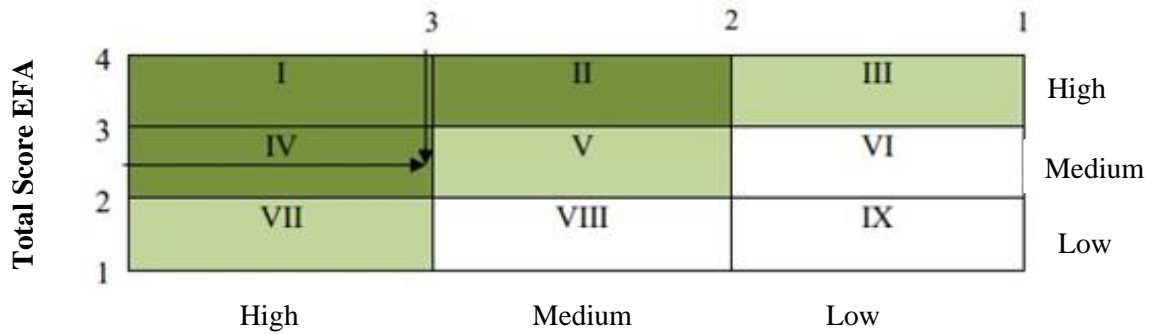


Figure 2. Internal-External (IE) Matrix

According to the IE Matrix, the development of the Small and Medium Enterprises (SME) industry in Sungai Buluh Village falls within Quadrant IV. This quadrant indicates that the SME industry is in a growth and build position. The most appropriate strategies for this stage are intensive and integrative.

3.6 Formulation of Alternative Strategies and Determination of Alternative Priorities Strategy

To determine the priority of alternative strategies, the scores of all the constituent factors are summed up. The strategy with the highest total score is designated as the top priority. Below is Table 6 from the SWOT Matrix.

Table 6. SWOT Matrix

INTERNAL FACTORS	Strengths (S)	Weakness (W)
	<ul style="list-style-type: none"> - (S1) Abundant and quality raw materials - (S2) The location for processing crackers is adequate - (S3) Good workforce capabilities - (S4) Already has a halal and BPOM label - (S5) The price of cracker products is affordable for all levels of society 	<ul style="list-style-type: none"> - (W1) The production process is still simple - (W2) The packaging of crackers is not attractive yet - (W3) Limited capital owned by small and medium business actors - (W4) The condition of the drying place is not suitable - (W5) Irregular processing production
EXTERNAL FACTORS	S - O STRATEGY	W - O STRATEGY
<ul style="list-style-type: none"> - (O1) Minimarkets accommodate local products - (O2) Cracker entrepreneurs are able to operate/use online media to promote their products - (O3) Improving people's standard of living o (O4) The role and support of the government - (O5) High demand that opens up wide market local 	<ol style="list-style-type: none"> 1. Ensuring a steady supply of raw materials to expand the market reach. 2. Enhancing workforce skills to effectively leverage technological advancements. 3. Distributing products through a network of agents. 	<ol style="list-style-type: none"> 1. Enhancing cracker processing technology through modern tools. 2. Elevating the quality of packaging design. 3. Increasing business capital by leveraging significant market potential.

Threats (T)	S – T STRATEGY	W-T STRATEGY
<ul style="list-style-type: none"> - (T1) There are many competitors of cracker entrepreneurs outside Sungai Buluh Village who sell the same product. - (T2) Natural conditions affect the cracker drying process - (T3) There are no government regulations regarding the small and medium business industry - (T4) Exploitation levels result in reduced raw materials 	<p>Reducing the level of excessive exploitation which results in reduced raw materials and can result in environmental pollution.</p>	<p>Making regional regulations related to small and medium business industries</p>

* Result of Analysis (2021)

To determine the priority of alternative strategies, a SWOT analysis is conducted. The strategy's priority is established based on the total score from the summarized weighting code of one development strategy.

The sequence of development strategies for Small and Medium Enterprises in Sungai Buluh Village is as follows :

1. Maintaining Raw Material Inventory to Expand Marketing Areas
 This strategy focuses on utilizing the available raw materials to ensure the business can continuously produce crackers. By maintaining a steady supply, the company can enter new markets, as there is still significant market potential for crackers.
2. Developing Regional Regulations for the Small and Medium Business Industry
 The first step in advancing small and medium enterprises (SMEs) is to propose regulations specifically tailored to this sector. Currently, Lingga Regency lacks regulations or dedicated frameworks for SME development. Therefore, it is essential to establish regulations that support the growth of small and medium businesses. This approach leverages existing strengths to address potential challenges.
3. Distributing Products Through Agents
 An agent is a national trading company that acts as an intermediary on behalf of a principal, based on an agreement to market goods or services without transferring ownership of the products (as defined by Permendag 11/2006). This strategy aims to ensure that cracker products from Sungai Buluh Village reach wider markets through agents, who can distribute these products beyond Lingga Regency to locations such as Tanjung Pinang City, Batam City, and Tanjung Balai Karimun Regency.

Table 7. Alternative Priority of Small and Medium Enterprise Industry Development Strategy in Sungai Buluh Village, Singkep Barat District

No	Strategy	Weighting Code	Total	Priority
S-O				
1	Ensuring a steady supply of raw materials to expand the market reach.	S1+S4+S5+O5	2,22	1
2	Enhancing workforce skills to effectively leverage technological advancements.	S3+O1+O2+O5	1,56	5
3	Distributing products through a network of agents.	S1+S4+S5+O3+O5	1,62	3

No	Strategy	Weighting Code	Total	Priority
W-O				
1	Enhancing cracker processing technology through modern tools.	W1+W3+W4+O2+O5	1,23	6
2	Elevating the quality of packaging design.	W2+W3+O4	0,74	7
3	Increasing business capital by leveraging significant market potential.	W3+O1+O2+O4+O5	1,6	4
S-T				
1	Reducing the level of excessive exploitation which results in reduced raw materials and can result in environmental pollution	S1+T4	0,36	8
W-T				
1	Making regional regulations related to small and medium business industries	W1+W2+W3+T1+T2+T3+T4	1,78	2

* Result of Analysis (2021)

Table 8. Small and Medium Enterprise Industry Development Strategy in Sungai Buluh Village

No	Strategy	Priority
1	Maintaining raw material supplies to be able to expand the marketing area	1
2	Making regional regulations related to small and medium business industries	2
3	Distributing products through agents	3
4	Business capital can be increased by utilizing the vast market potential	4
5	Improving the quality of the workforce to be able to take advantage of technological developments	5
6	Improving cracker processing technology by using modern tools	6
7	Improving the quality of packaging design	7
8	Reducing the level of excessive exploitation which results in reduced raw materials and can result in environmental pollution.	8

* Result of Analysis (2021)

4. Increasing Business Capital by Tapping into Market Potential

This strategy aims to address the issue of insufficient business capital by expanding the market. Market expansion can be achieved through enhanced promotion and collaboration with financial institutions to support the development of the cracker business, ensuring its continued growth.

5. Enhancing Workforce Quality to Leverage Technological Advancements

This strategy focuses on improving the capabilities of the workforce in the cracker business, enabling them to adapt to advancing technologies. By doing so, the business can produce higher-quality products and reach a larger market. This involves promoting and innovating the products to attract buyers, thereby facilitating further development of the cracker business.

6. Advancing Cracker Processing Technology with Modern Equipment

This strategy addresses the challenges faced by the cracker industry in Sungai Buluh Village, specifically related to improper drying conditions that affect production quantity and quality. Currently, crackers are dried using methods that heavily rely on sunlight and adequate land area, often exposing them to dust. Adverse weather conditions, such as cloudy or rainy days, can halt production and prevent the crackers from drying properly, making it difficult to

meet market demand. To tackle these issues, the implementation of a cracker dryer is proposed. This technology aims to overcome the limitations of traditional drying methods, increasing productivity and efficiency in the industry while reducing dependence on sunlight.

7. Improve the quality of packaging design

Attractive product packaging is crucial for capturing buyers' attention, allowing a product to remain competitive in a market with increasing similar offerings.

8. Reducing excessive exploitation of resources is essential to prevent depletion of raw materials and environmental pollution.

To promote ecological awareness, it is crucial to enhance public motivation through training programs that encourage individuals to protect the environment for a sustainable future. Additionally, fishermen should be guided against practices that lead to overfishing, such as using trawl nets and fish bombs, as these methods can severely damage marine ecosystems.

4. Conclusions

a) According to the IE Matrix, the development of the Small and Medium Enterprises (SME) industry in Sungai Buluh Village falls within Quadrant IV. This quadrant indicates that the SME industry is in a growth and build position. The most appropriate strategies for this stage are intensive and integrative.

b) Based on IFAS-EFAS analysis, the priority levels of the Small and Medium Enterprise Industry Development Strategy in Singkep Barat District, Sungai Buluh Village, include :

1. Maintaining Raw Material Inventory to Expand Marketing Areas
2. Developing Regional Regulations for the Small and Medium Business Industry
3. Distributing Products Through Agents
4. Increasing Business Capital by Tapping into Market Potential
5. Enhancing Workforce Quality to Leverage Technological Advancements
6. Advancing Cracker Processing Technology with Modern Equipment
7. Improve the quality of packaging design
8. Reducing excessive exploitation of resources is essential to prevent depletion of raw materials and environmental pollution.

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